

Todd Kremin

From: Matt Samuel [mcs@barronpartners.com]
Sent: Monday, June 05, 2006 1:53 PM
To: Henry Warner
Subject: RE: Biosafe Medical Letter of Intent
Follow Up Flag: Follow up
Flag Status: Red
Attachments: Intrinsic Value Biosafe 6.1.06.xls

Henry,
I have attached the Barron Intrinsic Value calculation. Feel free to take a look at it, and contact me with any questions.
Matthew C T Samuel
Junior Analyst
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730 Fifth Avenue, 25th Floor
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From: Henry Warner [mailto:hwarner@ebiosafe.com]
Sent: Monday, June 05, 2006 10:52 AM
To: Matt Samuel
Cc: Robert Trumpy; Andrew B. Worden
Subject: RE: Biosafe Medical Letter of Intent

Matt:

Thanks for the LOI. Before I forward this on to legal and accounting, let me ask 2 quick questions:

1. In talking to Andrew, I understood that Barron's valuation formula uses a 7 multiple applied to a corrected EBITDA. With a \$1.85M EBITDA less \$400,000 in new "public costs" and \$180,000 in recurring capital, I get a corrected EBITDA of \$1.27. This number times 7 gives a cap of approximately \$8.9M. Your proposal appears to be valued at approximately \$5M. Please explain what I have misunderstood.
2. In correcting EBITDA for the public entity, a credit of \$180,000 in "recurring capital expenditures" is listed. Did this come from our numbers? Please explain what this is.

Thanks,

Hank

Henry A. Warner
Chief Executive Officer
BIOSAFE Medical Technologies, inc.
847-234-8111

From: Matt Samuel [mailto:mcs@barronpartners.com]
Sent: Friday, June 02, 2006 1:08 PM
To: Henry Warner
Cc: Robert Trumpy; 'Andrew B. Worden'
Subject: Biosafe Medical Letter of Intent

Mr. Warner,

I have attached the Barron Partners letter of Intent for Biosafe Medical Technologies. Please review the terms, and feel free to contact me with any questions. Thank you for your time and we look forward to becoming your financial partner.

Regards,

Matthew C T Samuel
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Intrinsic Value Calculation

Business Description: Medical Diagnosis

(in thousands, except shares and per share figures)

EBITDA	1,850
Additional Costs of Being Public	400
CapX	180
Net Annualized Cash Flow as a public company:	1,270

Growth Rate Multiple (Organic)	7.0 x
Recurring EBITDA x Growth Multiple	8,890

Debt and Lines of Credit at Closing

Cash before Barron Money at Closing	-
Barron Investment Amount	2,000
Money out to door on closing for working Cap / inventory	(1,770)
Investment banking fee	
Closing Fees	(230)

Intrinsic Value	<u>\$8,890.0</u>
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Total Shares Outstanding	10,000			
Shell	16	0.16%	16	0.12%
Existing owners	6,210	62.10%	6,210	45.09%
Barron Shares	3,774	37.74%	3,774	27.40%
Baron Warrants	-	0.00%	3,774	27.40%
Total Shares O/S	10,000		13,774	
Intrinsic Value Per Share	<u>\$0.89</u>	total Barron		54.79%

Barron Percent of Intrinsic Value

Barron Purchase Price Per Share	<u>\$0.53</u>
Barron Intrinsic Value	<u>\$5,300.0</u>

Warrant A

Shares	1,887
Exercise Price	0.80
Dollar to Company	1,500.00

Warrant B

Shares	1,887
Exercise Price	1.10
Dollar to Company	2,075.47

Warrant C

Shares	-
Exercise Price	-
Dollar to Company	-

*Run Rate Annualized Seasonally Adjusted EBITDA. Including public Costs.